Rakuten Trade

Investment Idea

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Investment Idea

Mah Sing Group Bhd

A property Conglomerate?

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BUY

Price: RM1.12

Target price: RM2.18

Mah Sing Group Bhd (MAHSING: 8583) started FY2025 on a strong footing, registering property sales of RM1.01bn in the first five months, well on track to meet its RM2.65bn full-year target. Beyond property, MAHSING is progressively setting up a second growth engine via its data centre (DC) infrastructure strategy. The company recorded 1QFY25 net profit of RM66m (+10% YoY) underpinned by progressive billings from ongoing residential projects. Backed by strong new sales and unbilled sales of RM2.7bn, we project MAHSING to post net earnings of RM271m and RM283, for FY25 and FY26. BUY with a target price of RM2.18, based on Sum of Parts valuations.

MAHSING continues with its landbank expansion with key acquisitions in Kuala Lumpur and Johor Bahru, including (i) a 2.78-acre site in Sentul for M Aria (GDV: RM283m); and (ii) a 5.99-acre parcel in Taman Pelangi, Johor Bahru for M Grand Minori (GDV: RM1.5bn). These purchases support MAHSING's prevailing strategy of well-located, high-demand developments covering six parcels with a combined GDV of RM5.8bn.

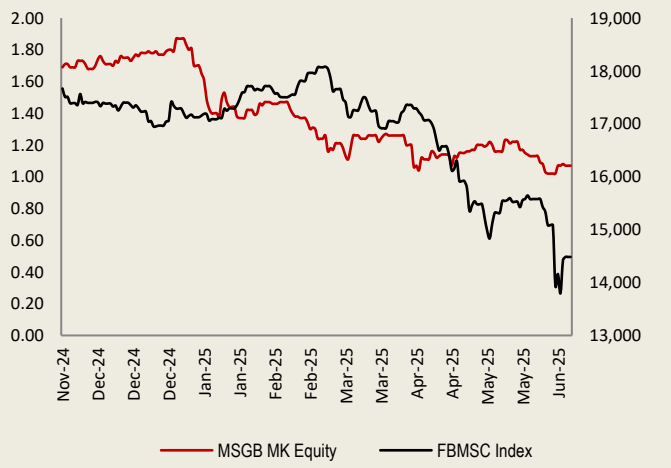
The company has over RM3.3bn worth of new property launches planned for 2025 across key regions. These upcoming launches are strategically located in key urban and growth corridors and are expected to be well-received given MAHSING's focus on the affordable to mid-range residential segment with average selling prices below RM500,000. Major developments include (i) M Legasi, Semenyih (GDV: RM3.3bn); (ii) M Grand Minori, Johor Bahru (GDV: RM1.5bn); (iii) Tiara Hills, Johor Bahru (GDV: RM463m); (iv) M Tiara 2, Johor Bahru (GDV: RM1.45bn); and (v) M Zenni, Batu Maung, Penang (GDV: RM309m). These projects span across the Central, Southern, and Northern regions and are expected to perform well due to their proximity to major transit links, mature townships, and economic growth zones.

MAHSING's DC business, a key part of its diversification strategy, saw notable developments in 2025. The Group had entered into two collaboration agreements with Bridge Data Centres (BDC) to develop DC infrastructure within Southville City, Bangi and is progressing with this initiative at its Mah Sing DC Hub@Southville City in Bangi. It is also exploring opportunities on a 42-acre site at Meridin East in Johor Bahru, capable of supporting up to 300MW in power capacity. These efforts reflect MAHSING's broader strategy to diversify into high-growth sectors and reinforce Malaysia's position as a regional digital infrastructure hub.

MAHSING has maintained dividend payout of at least 40% over the past 19 years. For FY25 and FY26, we expect the company to pay dividend of 4.8sen and 5.0sen based on a 45% payout ratio, translating into yields of 4.3% and 4.4% respectively. MAHSING's financial leverage remains healthy, with a net gearing ratio of 0.17x as of 1QFY25. Furthermore, with a remaining GDV of more than RM27bn, we believe MAHSING earnings visibility is clear over the next 20 years.

Technically Speaking

Resistance level	RM1.15
Support level	RM1.02



KLCI	1,516.95
YTD FBM KLCI change	-7.6%
YTD FBM SC Index change	-13.8%
YTD stock price change	-37.4%

Stock Information

Market Cap (RMm)	2,876.4
Issued Shares (m)	2,560.1
52-week range (H)	1.97
52-week range (L)	1.01
Shariah Compliant	Yes

Major Shareholders

Mayang Teratai SB	25.5%
Amanah Saham Nasional	11.5%
Mayang Teratai Ltd	7.0%

Summary Earnings Table

FY Dec (RM'm)	2023	2024	2025F	2026F
Revenue	2,603.2	2,520.3	2,801.3	2,972.9
EBIT	379.2	391.6	446.0	468.4
Pretax profit	327.4	337.1	385.4	404.1
Net profit	215.3	240.7	271.0	283.0
Core net profit	**215.3**	**240.7**	**271.0**	**283.0**
Consensus	-	-	272.4	297.9
Core EPS (sen)	8.4	9.4	10.6	11.1
EPS growth (%)	19.6%	11.8%	12.6%	4.4%
DPS (sen)	4.0	4.5	4.8	5.0
PER (x)	13.3	11.9	10.6	10.1
BV/Share (RM)	1.45	1.54	1.59	1.66
ROE (%)	5.8%	6.1%	6.8%	6.8%
Div. Yield (%)	3.6%	4.0%	4.3%	4.4%

Sources: Company, Rakuten Trade Research

TOTAL NPV of ongoing projects @ 10% discount rate	1,584.7
Unbilled Sales	355.3
NTA @ 0.7x P/BV	2,752.8
Data Centre 15x FY26 EBITDA (20% stake)	900.0
Total SOP	**5,592.8**
Share base (m)	2,560.1
SOP per share (RM)	**2.18**

COMPANY	Definition
Buy	The stock return is expected to exceed the KLCI benchmark by more than 10% over the next 6-12 months.
Trading Buy	Short-term positive development on the stock that could lead to a re-rating in the share price and translate into an absolute return of 10% over the next 3-6 months. Trading Buy is generally for investors who are willing to take on higher risks.
Take profit	The stock return previously recommended has gained by >10%
Hold	The stock return is expected to be in line with the KLCI benchmark (+/- 5%) over the next 6-12 months.
Sell	The stock return is expected to underperform the KLCI benchmark by more than 10% over the next 6-12 months.
SECTOR	
Overweight	Industry expected to outperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Neutral	Industry expected to perform in-line with the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Underweight	Industry expected to underperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.

Scoring model:

The in-house scoring model is derived from Rakuten Trade Research valuation matrix based on earnings growth, earnings visibility, business model, valuation, balance sheet, technical analysis, and shareholder value creation. Each parameter is given a specific weighting.

All buy calls are based on the research team's judgement. Investing is risky and trading is at your own risk. We advise investors to:

- read and understand the contents of the disclosure document or any relevant agreement or contract before investing;
- understand the risks involved in relation to the product or service;
- compare and consider the fees, charges and costs involved; and
- make your own risk assessment and seek professional advice, where necessary.

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Published:

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